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UNCLAS ABU DHABI 00468

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UNCLAS SECTION 01 OF 02 ABU DHABI 000468

SIPDIS

NSC FOR PATRICK HEFFERNAN

E.O. 12958: N/A
TAGS: [EFIN](#) [ETRD](#) [IZ](#) [PTER](#) [TC](#)
SUBJECT: UAE CENTRAL BANK GOVERNOR DISCUSSES CT FINANCE, FTA

REF: ABU DHABI 00301

(U) Classified by Ambassador Michele J. Sison for reasons
1.4 (b) and (d).

¶1. (U) Summary: Ambassador met with Central Bank Governor Sultan Nasser Al Suwaidi to discuss counterterror finance cooperation on January 29. Governor Al Suwaidi focused on regional CT finance engagement and on expected Free Trade Agreement discussions with the banking sector. End summary.

Bilateral CT Cooperation Continues, Deepens

¶2. (C) The Ambassador thanked Al Suwaidi for the Central Bank's cooperation and assistance in regards to counterterror financing efforts, particularly for his leadership in freezing accounts related to CT and proliferation concerns (septel). Al Suwaidi laughed and said, &it wasn't leadership, it was pressure.⁸ The Central Bank has, on more than one occasion, taken the initiative to exceed its strict legal mandate to freeze accounts.

¶3. (C) The Governor informed the Ambassador that cooperation and coordination between the Central Bank and FINCEN is excellent, and he cited as an example the UAE-initiated investigation on the Iraqi insurgent financier, Izz al-din Al Majid. He said that the Central Bank official in charge of the investigation is actively collecting information and sending it to FINCEN, and that they are in daily contact.

¶4. (C) Likewise, the U.S. has continued to receive excellent support from the Central Bank on its investigations of Moussoui and 9/11, and the Ambassador thanked Al Suwaidi for

continually granting FBI/Terrorist Financing Operations Section (TFOS) access to information and documents relating to the case (a TFOS team is in Abu Dhabi this week to follow-up). The Ambassador also thanked Al Suwaidi for his assistance on the Al-Shamsi case and asked for an update. Al Suwaidi responded that the case remains with SSD/Dubai.

15. (C) In response to Ambassador,s question about reporting requirements for cash couriers, Al Suwaidi provided a draft regulation that requires individuals to report cash exports in excess of 10,000 USD. (Comment: The previous regulation required reporting only for the importation of cash. Central Bank officials have told us that the failure to address the export of cash was an oversight, and this new regulation corrects that problem. End comment.)

Central Bank Governor Supports MENA/FATF

16. (C) Al Suwaidi informed the Ambassador that the UAE intends to approach the chair of Middle East North Africa/Financial Action Task Force (MENA/FATF) and offer the organization to opportunity to co-sponsor the upcoming 3rd Hawala conference in April. Al Suwaidi told the Ambassador that he believes MENA/FATF should focus on two areas in regards to counterterrorist financing. First, the countries of the region need to unify standards and criteria for identifying wrongdoers, and second, a transparent and uniform system needs to be created. One of the challenges that countries will face as they move toward standardizing the process stems from the fact that not all of the GCC countries have their FIU,s within the Central Bank. In several of the countries, counterterrorist financing responsibilities lie with the ministries of interior.

17. (C) The Governor noted that in the past year, U.S. training programs in the UAE have decreased, but he observed that this decline might be the result of MENA/FATF, and that he agrees with the shift of emphasis to the U.S. providing multilateral assistance programs. Al Suwaidi stated his intent to discuss ideas for specific training with the MENA/FATF chair, and said that they would then approach the U.S. with specific requests for workshops, seminars, and technical assistance.

Consultations to Begin with Banks in Advance of FTA

18. (C) The Central Bank will begin the consultation process with UAE commercial banks in advance of the expected Free Trade Agreement negotiations with the United States, and the Governor observed that he is anticipating a &big row8 with the banks. The Central Bank issued a questionnaire to UAE banks, and after each bank completes it, officials from the Central Bank will meet with the banks to discuss issues of concern, and then will issue a press release. Al Suwaidi noted that his government must take into consideration the needs and concerns of the private sector, and he hopes that these consultations will help address and allay their concerns. (Comment: This is a pro-active and useful effort on the Central Bank Governor,s part to consult and garner support in the banking sector for an FTA. Although bankers have not approached us directly with specific concerns, based on our understanding of the banking environment, we suspect some bankers will be apprehensive about the sector being overbanked and the threat of American competition to the smaller banks. There are 46 banks in the UAE, many of which are small. Allowing a U.S. bank to establish a 100% owned subsidiary or acquire 100% of a local financial institution would be controversial within UAE banking circles, which support the current moratorium on new licensing. End comment.)